

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW

AMEMBASSY WARSAW

C O N F I D E N T I A L STATE 117527

FOL REPEAT NATO 2509 ACTION SECSTATE 7 MAY.

QUOTE

C O N F I D E N T I A L NATO 2509

E.O. 11652: GDS

TAGS: PFOR, NATO, UR, XH

SUBJECT: NATO EXPERTS GROUP REPORT ON TRENDS IN THE SOVIET UNION
AND EASTERN EUROPE

FOLLOWING IS THE TEXT OF REPORT ON TRENDS IN THE SOVIET UNION
AND EASTERN EUROPE PREPARED BY NATO EXPERTS GROUP WHICH MET
HERE APRIL 26-29, 1976. REPORT HAS BEEN SCHEDULED FOR NAC CON-
SIDERATION ON MAY 12, AND WE WOULD APPRECIATE ANY
COMMENTS DEPARTMENT MAY HAVE. HOWEVER, VIEW OF FACT THAT
REPORT SPECIFICALLY COVERS PERIOD NOVEMBER 14, 1975 - APRIL 29,
1976, WE BELIEVE THERE IS NO NEED FOR UPDATING INFORMATION ON
MINOR POINTS. ACTION REQUEST: GUIDANCE IN TIME FOR MAY 12
NAC.

BEGIN TEXT:

PART I: POLITICAL SITUATION IN THE SOVIET UNION
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1. THE 25TH PARTY CONGRESS HELD ON 24TH FEBRUARY TO
5TH MARCH, 1976 WAS A REAFFIRMATION OF THE INTERNAL AND EXTERNAL
POLICY COURSE TO WHICH THE SOVIETS HAVE ADHERED SINCE THE LAST
CONGRESS. THE BASIC THEME WAS CONTINUITY AND STABILITY. THE

MEETING CLEARLY HIGHLIGHTED THE SOVIET VIEW OF THEMSELVES AS A MAJOR WORLD POWER INVOLVED IN ALL CORNERS OF THE WORLD. THE BASIC POLICY OF DETENTE, AS THEY DEFINE IT, WILL CONTINUE TO BE ADHERED TOM

2. DESPITE PERSISTENT RUMOURS DURING THE LAST FEW MONTHS ABOUT MR. BREZHNEV'S HEALTH AND HENCE POSSIBLE LEADERSHIP CHANGES, NOTHING OF CONSEQUENCY OCCURRED EXCEPT FOR POLYANSKY BEING MADE THE SCAPEGOAT FOR THE DISASTROUS HARVEST. TWO NEW MEMBERS WERE APPOINTED TO THE POLITBURO: ROMANOV AND USTINOV.

3. THE CONGRESS, ALTHOUGH SINGLING OUT MR. BREZHNEV FOR PERSONAL PRAISE, DID GIVE THE APPEARANCE OF A HEAVY EMPHASIS ON THE COLLECTIVITY OF THE LEADERSHIP. ALTHOUGH THERE ARE STILL NO CLEAR INDICATIONS OF ANY OVERT GROOMING OF SUCCESSORS, RECENT EVENTS SUCH AS MARSHAL GRECHKO'S DEATH SHOW THAT EVER INCREASING ATTENTION WILL HAVE TO BE DEVOTED TO THE QUESTION OF THE SUCCESSION.

4. UNDOUBTEDLY THERE CONTINUED TO BE DIFFERENT APPROACHES WITHIN THE SOVIET LEADERSHIP ON CURRENT PROBLEMS, INCLUDING DIFFICULTIES WITH THE WEST EUROPEAN PARTIES AND, IN A BROADER SENSE, HOW TO DEAL WITH THE EXIGENCES OF MODERN SOCIETY WITHIN THE CONSTRAINTS OF IDEOLOGY.

5. ON THE DOMESTIC SCENE THE DISSIDENTS, MINORITY NATIONALITIES AND WOULD-BE EMIGRANTS HAVE BEEN KEPT UNDER CONTROL. THE DISSIDENTS WOULD APPEAR TO BE ONLY A NUISANCE TO SOVIET AUTHORITIES IN DIRECT PROPORTION TO THE ATTENTION GIVEN TO THEM BY THE WESTERN PRESS. THE NATIONALITY PROBLEM IS MORE SERIOUS IN THE LONG RUN, ESPECIALLY WITH THE FASTER POPULATION GROWTH AMONG NON-RUSSIAN NATIONALITIES.

6. MR. BREZHNEV IN HIS SPEECH, ALLUDED TO SOME OF THE IDEAS THAT MAY BE CONTAINED IN THE NEW CONSTITUTION, BUT THERE IS NO INDICATION AS TO WHEN A DRAFT MIGHT APPEAR. MR. BREZHNEV'S CONFIDENTIAL

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REFERENCE TO THE FACT THAT THE PREPARATORY WORK WAS BEING DONE THOROUGHLY AND WITHOUT HASTE MAY BE DUE TO THE SENSITIVITIES OF THE NATIONAL MINORITY GROUPS AS WELL AS CONTROVERSY ON OTHER THORNY ISSUES IN THE SO-CALLED DEVELOPED SOCIALIST SOCIETY.

PART II: ECONOMIC SITUATION IN THE SOVIET UNION

7. THE PAST SIX MONTHS HAVE ONLY GIVEN CAUSE FOR MINOR MODIFICATIONS OF THE GENERAL ECONOMIC PICTURE OF 1975. THE GRAIN HARVEST WAS FINALLY REPORTED TO HAVE BEEN NO MORE THAN 140 MILLION TONS, THE LOWEST SINCE 1965. THIS WAS THE CHIEF CAUSE OF A 6./ DROP IN OVERALL AGRICULTURAL OUTPUT AND A CONSIDERABLE SLOW-DOWN OF NATIONAL INCOME GROWTH.

8. DESPITE CONTRACTS TO IMPORT ABOUT 20 MILLION TONS OF GRAIN IN 1975 TO 1976, THE NUMBER OF PIGS WAS REDUCED BY 20% BY DISTRESS SLAUGHTERING IN LATE 1975, WHICH TEMPORARILY RAISED MEAT PRODUCTION. CATTLE HERDS HAVE BEEN MAINTAINED, BUT DAIRY PRODUCTION HAS GONE DOWN. MEAT PRODUCTION IS NOW DECLINING MARKEDLY, AND IT IS NOT LIKELY TO REGAIN LAST YEAR'S LEVEL BEFORE 1978. HOWEVER THERE HAS BEEN NO EVIDENCE OF SHORTAGES OF BREAD.

9. AGRICULTURAL PROBLEMS WERE RECOGNISED AT THE CONGRESS AND THE MINISTER RESPONSIBLE RELIEVED OF HIS DUTIES, BUT SPEAKERS WERE NEVERTHELESS UNANIMOUS IN THEIR PRAISE OF THE AGRICULTURAL POLICIES ADOPTED IN 1965. MR. BREZHNEV ATTRIBUTED THE POOR RESULTS TO THE WEATHER, DEFICIENCIES IN CARRYING OUT ESTABLISHED POLICIES AND TO NEGLECT PRIOR TO 1966. HIS POLICY OF MASSIVE INVESTMENT IS TO CONTINUE AND EVEN EXPAND. THE NEED FOR MODERN FARMING METHODS AND IMPROVEMENTS IN ORGANIZATION WAS NOTED, BUT HE GAVE NO NEW IDEAS AS TO HOW THESE IMPROVEMENTS SHOULD BE ACHIEVED.

10. GENERALLY, THE GUIDELINES FOR THE 10TH FIVE-YEAR PLAN ADOPTED AT THE CONGRESS SHOW THAT A MARKED SLOW-DOWN IS ENVISAGED FOR THE SOVIET ECONOMY IN THE COMING YEARS. IN ALMOST ALL SECTORS PLANNED GROWTH RATES ARE LOWER THAN THOSE ACHIEVED DURING THE LAST FIVE YEARS (WHICH, IN TURN, WERE ALMOST ALL LOWER THAN PLANNED). MR. BREZHNEV MENTIONED AMONG OTHER LIMITING FACTORS MANPOWER PROBLEMS AND INCREASINGLY HIGH FUEL

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AND RAW MATERIAL COSTS. THIS LEAVES GROWTH MAINLY DEPENDENT ON SIZEABLE PRODUCTIVITY INCREASES, AND EFFICIENCY WAS ONE OF THE NEW PLAN'S KEY WORDS. THE OTHER WAS QUALITY, WHICH SEEMS A REASONABLE SUBSTITUTE FOR QUANTITY, BUT IS NOT EASILY MEASURED.

11. INVESTMENT WILL GROW MUCH MORE SLOWLY THAN BEFORE, BUT MORE ATTENTION WILL BE GIVEN TO THE IMPROVEMENT OF EXISTING PLANT. APART FROM THAT, PRIORITY IS GIVEN TO SCIENCE-BASED INDUSTRIES AND THE DEVELOPMENT OF SIBERIA AND THE FAR EAST. WITH THE INCREASING PRESSURE ON RESOURCES IT HAS BEEN CLEARLY REVEALED THAT NO SHIFT IN TRADITIONAL PRIORITIES HAS TAKEN PLACE. THE CONSUMER REMAINS AT THE BACK OF THE QUEUE AND CAN EXPECT A FAIRLY LEAN PERIOD IN 1976 TO 1980. AS IN THE PAST FIVE YEARS, OUTPUT OF CONSUMER GOODS WILL GROW LESS THAN OUTPUT OF PRODUCER GOODS, AND HOUSING CONSTRUCTION WILL NOT GROW AT ALL. PERSONAL REAL INCOMES WILL GROW MUCH MORE SLOWLY THAN UNDER THE LAST PLAN.

12. IN VIEW OF THE FACT THAT THE PLAN SUGGESTS NO SYSTEMIC CHANGES, THE PLANNED IMPROVEMENTS IN PRODUCTIVITY WILL NECESSITATE CONTINUED LARGE-SCALE IMPORTS OF WESTERN TECHNOLOGY AND KNOW-HOW, AND THE PLANNED FOREIGN TRADE TURNOVER INCREASE WILL ALMOST CERTAINLY BE EXCEEDED. PARTLY BECAUSE OF ITS GRAIN IMPORTS,

THE SOVIET UNION IN 1975 HAD ITS LARGEST HARD-CURRENCY DEFICIT EVER (ABOUT \$5 BILLION). IT IS LIKELY TO BE REPEATED THIS YEAR, AND SOVIET BORROWING IN THE WEST HAS INCREASED CORRESPONDINGLY. THE NEED FOR CREDITS WILL CONTINUE BUT AT THE SAME TIME THE NEED TO STEP UP EXPORTS WILL BECOME MORE URGENT. MR. BREZHNEV SUGGESTED THAT RAW MATERIALS SHOULD BE EXPORTED IN A MORE HIGHLY PROCESSED FORM, AND MR. KOSYGIN PROPOSED THE SETTING UP OF NEW INDUSTRIES SPECIFICALLY GEARED TO WESTERN MARKETS. BOTH MUST HOPE THAT THE NEXT ECONOMIC BOOM IN THE WEST WILL PICK UP BEFORE TOO LONG.

PART III: INTER-PARTY RELATIONS AND CO-OPERATION

13. INTER-PARTY RELATIONS HAVE BECOME MORE COMPLICATED. MOSCOW HAS STEPPED UP ITS EFFORTS TO PROMOTE THE IDEOLOGICAL AND POLITICAL COHESION OF THE RULING PARTIES IN EASTERN EUROPE. DIFFICULTIES WITH THE RUMANIANS AND THE YUGOSLAVS HAVE CONTINUED. DISAGREEMENT HAS INCREASED BETWEEN THE COMMUNIST CONFIDENTIAL

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PARTY OF THE SOVIET UNION AND THE MAJOR WEST EUROPEAN COMMUNIST PARTIES ON POINTS OF DOCTRINE AND ON THE QUESTION OF REVOLUTIONARY TACTICS.

14. THESE FACTORS WERE BOUND TO HAVE A NEGATIVE INFLUENCE ON PREPARATIONS FOR THE CONFERENCE OF EUROPEAN COMMUNIST PARTIES, AN EVENT WHICH THE SOVIETS HAD ORIGINALLY HOPED WOULD TAKE PLACE WELL BEFORE THEIR OWN PARTY CONGRESS. BUT THE NECESSARY COMPROMISES REMAINED BEYOND REACH. PREPARATORY EDITORIAL MEETINGS HAVE BEEN RESUMED, BUT NO FIRM DATE FOR A CONFERENCE HAS YET BEEN ANNOUNCED. THE SOVIETS WILL DOUBTLESS WISH TO AVOID THE EMBARRASSMENT OF ABANDONING THE IDEA OF THE CONFERENCE, AND MAY THEREFORE PREFER TO SETTLE FOR AN ANODYNE FINAL DOCUMENT AND A RELATIVELY EARLY DATE.

15. THERE ARE NO INDICATIONS THAT A WORLD CONFERENCE OF COMMUNIST PARTIES WILL BE CALLED IN THE FORESEEABLE FUTURE, BUT IT PROBABLY REMAINS A DISTANT AIM OF SOVIET POLICY.

16. IT IS INTERESTING THAT AT THE 25TH CPSU PARTY CONGRESS, MR. BREZHNEV CHOSE TO RAISE CONTROVERSIAL INTER-PARTY ISSUES IN SUCH A WAY THAT IT MADE PUBLIC DISPUTE INEVITABLE. THIS WOULD SEEM TO SUGGEST THAT THE CPSU'S DISAGREEMENTS WITH THE WESTERN COMMUNISTS ARE NOW SO OBVIOUS THAT IT NO LONGER SEES ANY ADVANTAGE IN TRYING TO GLOSS THEM OVER. BUT IT REMAINS TO BE SEEN JUST HOW DEEP THE SCHISM REALLY IS. THE SOVIETS ARE UNDOUBTEDLY CONCERNED AT THE POSSIBLE IMPACT OF THE STATEMENTS AND POLICIES OF THE MORE INDEPENDENT COMMUNIST PARTIES ON MORE ORTHODOX PARTIES, NOT LEAST THE RULING PARTIES IN EASTERN EUROPE. BUT AS SEEN FROM MOSCOW THE BALANCE OF ADVANTAGE UNDOUBTEDLY LIES IN THE GRADUAL IMPROVEMENT OF THE WESTERN COMMUNIST PARTIES' ELECTORAL APPEAL AND THEIR

EVENTUAL PARTICIPATION IN GOVERNMENT.

17. SOVIET POLICY IN RECENT YEARS HAS BEEN CONSISTENTLY ORIENTED TOWARDS STRENGTHENING THE POLITICAL COHESION OF THE SOCIALIST COMMUNITY AND ECONOMIC INTEGRATION WITHIN COMECON. DIVERGENT ECONOMIC AS WELL AS POLITICAL INTERESTS HAVE NEVERTHELESS UP TO NOW PREVENTED THE SOVIET UNION FROM SECURING AGREEMENT TO THE LEVEL OF ECONOMIC INTEGRATION THEY WOULD WISH TO SEE. THE COMECON DRAFT OF AN AGREEMENT WITH THE CONFIDENTIAL

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EEC COULD BE INSTRUMENTAL INFURTHERING SOVIET OBJECTIVES IN THIS REGARD.

PART IVC EAST-WEST RELATIONS

18. IN HIS REPORT TO THE 25TH CONGRESS OF THE CPSU, MR. BREZHNEV REAFFIRMED THE SOVIET COMMITMENT TO DETENTE. BUT HE CAREFULLY EMPHASISED THAT DETENTE DOES NOT ABOLISH NOR CHANGE "THE LAWS OF CLASS STRUGGLE", ASSERTED THAT IT CREATES "MORE FAVOURABLE CONDITIONS FOR PEACEFUL SOCIALIST AND COMMUNIST CONSTRUCTION", AND MEANS "PRIMARILY" THE AVOIDANCE OF WAR OR THE THREAT OR USE OF FORCE IN RELATIONS AMONG STATES.

19. THE SOVIET DEFINITION OF DETENTE CONTINUES TO LEAVE OPEN THE RIGHT OF THE USSR TO INTERVENE ABROAD IN SUPPORT OF "NATIONAL LIBERATION MOVEMENTS". AT THE SAME TIME, UNDER THE GUISE OF PURSUING THE "IDEOLOGICAL STRUGGLE", IT IMPLIES TRYING TO KEEP UNSETTLING IDEAS FROM THE WEST OUT OF ITS OWN ORBIT.

20. THE GENERAL SOVIET ATTITUDE TO THE CSCE HAS NOT SIGNIFICANTLY ALTERED SINCE HELSINKI. IN THE LAST FEW MONTHS FOLLOWING THE MEETINGS OF WARSAW PACT FOREIGN MINISTERS IN MOSCOW IN MID-DECEMBER 1975 AND PARTY SECRETARIES IN CHARGE OF IDEOLOGY AND PROPAGANDA HELD IN WRSAW IN JANUARY 1976, IT APPEARS THAT A CO-ORDINATED IMPLEMENTATION POLICY AMONG THE EAST EUROPEAN COUNTRIES WAS DECIDED UPON. THE SOVIET UNION HAS TAKEN A NUMBER OF STEPS IMPLEMENTING THE FINAL ACT, INCLUDING THE NOTIFICATION OF ONE MILITARY MANOEUVRE AND THE IMPROVEMENT OF SOME PRODECURES RELATING TO WORKING CONDITIONS FOR JOURNALSITS AND TO TRAVEL. IN ADDITION, THE SOVIET UNION HAS LAUNCHED A MAJOR INITIATIVE IN THE ECONOMIC FIELD (SEE PARAGRAPH 22).

21. IT IS NOT YET CLEAR TO WHAT EXTENT THE SOVIETS WILL IMPLEMENT THE FINAL ACT, ALTHOUGH THEY HAVE REPEATEDLY STATED THAT THEY WILL DO SO FULLY. THE SOVIET AIM SEEMS TO BE TO ACHIEVE THE MAXIMUM APPEARANCE OF IMPLEMENTATION OF THE PROVISIONS OF BASKET III. IT IS YET TOO EARLY TO ASSESS WITH ANY CERTAINTY SOVIET INTENTIONS WITH REGARD TO THE 1977 BELGRADE MEETING.

22. THE PROPOSALS BY MR. BREZHNEV FOR THREE PAN-EUROPEAN CONFERENCES ON ENERGY, TRANSPORT, AND ENVIRONMENT COVER SECTORS

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IN WHICH THE SOVIETS HAVE PROFESSED LONGSTANDING INTEREST. THEY MAY ALSO BE SEEN AS A SOVIET ATTEMPT TO SHOW COMPLIANCE WITH THE FINAL ACT OF THE CSCE, WHILE AT THE SAME TIME DISTRACTING ATTENTION FROM BASKET III TO BASKET II AND PERHAPS ALSO REDUCING THE IMPORTANCE OF THE BELGRADE FOLLOW-UP MEETING. THE PROPOSALS MAY REPRESENT THE PURSUIT OF A PAN-EUROPEAN APPROACH AT THE EXPENSE OF "REGIONAL" CO-OPERATION. THEY MAY ALSO REFLECT A SOVIET DESIRE TO BE INVOLVED IN THE INTERNATIONAL ENERGY DIALOGUE AND TO COMPENSATE FOR THEIR ABSENCE FROM THE NORTH-SOUTH DIALOGUE INITIATED IN PARIS.

23. ALTHOUGH THE SOVIETS ARE FULLY AWARE OF THE SHADOW WHICH ANGOLA CAST OVER UNITED STATES-SOVIET RELATIONS, MR. BREZHNEV'S TREATMENT AT THE PARTY CONGRESS OF THE BILATERAL RELATIONSHIP WAS CAREFULLY MEASURED. HE EXPRESSED SATISFACTION WITH PREVAILING TRENDS IN TIES WITH THE UNITED STATES, SPEAKING OF A "TURN FOR THE BETTER" SINCE THE 1971 CONGRESS AND ENVISAGING GOOD PROSPECTS FOR THE FUTURE, PARTICULARLY REGARDING THE CO-OPERATIVE AGREEMENTS. HE BALANCED THIS, HOWEVER, WITH CONCERN ABOUT RECENT COMPLICATIONS, WHICH HE BLAMED ON UNITED STATES OPPONENTS OF DETENTE, UNITED STATES ATTEMPTS TO INTERFERE IN SOVIET INTERNAL AFFAIRS AND UNITED STATES SUPPORT OF "OPPRESSION AND REACTION" (AN APPARENT REFERENCE TO ANGOLA).

24. SINCE THE CONGRESS, THE GENERAL SOVIET LINE ON THE UNITED STATES HAS BEEN CAUTIOUS, RESPONDING TO UNITED STATES CRITICISM OF SOVIET POLICY AS REQUIRED BUT APPARENTLY TRYING NOT TO EXACERBATE MATTERS UNNECESSARILY. THE UNITED STATES' STEPS IN MARCH TO POSTPONE CABINET-LEVEL MEETINGS UNDER THREE CO-OPERATIVE AGREEMENTS IN THE LIGHT OF ANGOLA WERE BRIEFLY CRITICISED, THEN SUBSEQUENTLY IGNORED. IMPLEMENTATION OF WORKING LEVEL CONTACTS UNDER THE CO-OPERATIVE AGREEMENTS CONTINUED. AND AFTER LONG NEGOTIATIONS ON AN AGREEMENT ON PEACEFUL NUCLEAR EXPLOSIONS, THE DELEGATIONS AGREED ON A DRAFT TEXT FOR REFERENCE TO THEIR GOVERNMENTS.

25. FOR THE FIRST TIME THE BREZHNEV REPORT TO THE PARTY CONGRESS REFERRED SPECIFICALLY TO RELATIONS WITH CANADA, WHICH HE CHARACTERIZED AS GOOD AND DEVELOPING.

26. IN AFRICA, WHERE THE SITUATION IS STILL HIGHLY
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UNSTABLE, THE SOVIET UNION, WHICH IS NOW A SUPER-POWER, APPEARS MORE INTENT THAN EVER ON PURSUING THE FOLLOWING THREE OBJECTIVES: TO EXTEND ITS POLITICAL INFLUENCE, TO SECURE STRATEGIC POSITIONS AND TO COUNTER CHINA.

27. THERE IS AT PRESENT INSUFFICIENT EVIDENCE TO JUDGE WHETHER THE SOVIET-CUBAN ADVENTURE IN ANGOLA, AND THE RENEWED IDEOLOGICAL JUSTIFICATION FOR SUCH ACTIONS AS COMPATIBLE WITH DETENTE, HERALD A NEW, RADICAL CHANGE IN SOVIET POLICY OR WERE MERELY EXPLOITATIONS OF AN OPPORTUNITY. SOVIET POLICY IN THIS REGARD WILL BEAR CAREFUL WATCHING, AND THE EXTENSION OF CUBAN PRESENCE IN SEVERAL AFRICAN COUNTRIES IS DISQUIETING.

28. THE FACT REMAINS THAT THE USSR DOES NOT SEEM TO WANT THE SITUATION IN THE WESTERN SAHARA TO GET WORSE AND APPEARS ANXIOUS TO PREVENT A FRESH SOURCE OF TENSION, IF NOT CONFLICT, FROM DEVELOPING IN THE EASTERN PART OF THE CONTINENT (SOMALI DESIGNS ON NEIGHBOURING TERRITORIES).

29. CAUTION AND SETBACKS: BY AND LARGE, IT IS IN THESE TERMS THAT SOVIET POLICY IN THE MIDDLE EAST CAN BE DESCRIBED.

30. WITH REGARD TO THE ARAB-ISRAELI CONFLICT, THE SOVIETS CONTINUE TO ADVOCATE THE RECONVENING OF THE GENEVA CONFERENCE AND THEIR THREE-POINT SETTLEMENT PROPOSAL WITHOUT, HOWEVER, PRESSING THEIR CASE TOO STRONGLY. THE MEAGRE RESULTS OF THE UNITED NATIONS DEBATE ON THE PALESTINIAN QUESTION AT THE END OF LAST YEAR, WHICH MOSCOW HAD NEVER CONSIDERED AS A PRELIMINARY TO GENEVA, GAVE THE USSR AN OPPORTUNITY TO REAFFIRM ITS POSITION ON THE NEED TO RECONVENE THE CONFERENCE.

31. BILATERALLY, IT IS TRUE THAT THE SOVIETS HAVE RECENTLY SCORED SOME POINTS IN LIBYA. ON THE WHOLE, THEIR POSITIONS IN SYRIA ARE STILL WELL-ENTRENCHED, DESPITE PRESIDENT ASSAD'S SOMEWHAT MORE RESPONSIVE ATTITUDE TO THE WEST. ON THE OTHER HAND, THE DEADLOCK IN SOVIET RELATIONS WITH ISRAEL CONTINUES.

32. EGYPT'S ABROGATION OF THE 1971 TREATY OF FRIENDSHIP AND ITS WITHDRAWAL OF THE PORT FACILITIES ACCORDED TO THE SOVIETS ALSO REPRESENT A SEVERE BLOW TO THEIR PRESTIGE AND INTERESTS IN SPITE OF THEIR ATTEMPTS TO MINIMIZE THE IMPACT OF THESE MEASURES.
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33. MOSCOW, WHICH IN RECENT MONTHS MOST PROBABLY MADE A SERIOUS PSYCHOLOGICAL ERROR IN TRYING TO PRESSURE THE EGYPTIANS INTO CHANGING THEIR POLICY, SEEMS TO WANT TO KEEP OPEN EVERY POSSIBLE OPPORTUNITY FOR RENEWED CO-OPERATION BETWEEN THE TWO COUNTRIES IN THE LONGER TERM.

34. FINALLY, THE SOVIETS HAVE COME OUT AGAINST ANY FOREIGN INTERVENTION IN THE LEBANESE PROBLEM.

35. SOVIET RELATIONS WITH CHINA HAVE REMAINED AS ACRIMONIOUS AS THEY HAVE BEEN IN THE PAST, AND THE SINO-SOVIET IDEOLOGICAL AND POLITICAL CONFLICT IS LIKELY TO PERSIST FOR THE FORESEEABLE FUTURE. THE SITUATION APPARENTLY WAS NOT CHANGED BY THE DEATH OF CHOU EN-LAI (WHOM THE SOVIETS RESPECTED AS A PRAGMATIST), THE

APPOINTMENT OF A NEW CHINESE PRIME MINISTER, NOR THE RELEASE OF THE SOVIET HELICOPTER CREW. THERE WAS A CONSIDERABLE STEPPING UP OF THE ANTI-CHINESE CAMPAIGN AT THE 25TH PARTY CONGRESS AT WHICH CHINA WAS SINGLED OUT AS THE MAIN ADVERSARY OF THE SOVIET UNION AND THE COMMUNIST MOVEMENT. WHILE MR. BREZHNEV REPEATED SOVIET WILLINGNESS TO NORMALIZE RELATIONS WITH CHINA ON THE BASIS OF PEACEFUL CO-EXISTENCE, HE ALSO CALLED FOR CHINA TO ABANDON ITS POLICY DIRECTED AGAINST THE SOCIALIST COMMUNITY AND TO RETURN TO THE PRINCIPLES OF TRUE MARXISM-LENINISM. THE LATEST SOVIET PROPOSAL FOR A RESUMPTION OF BORDER TALKS MAY BE INTENDED LARGELY AS A PUBLIC DEMONSTRATION OF REASONABLENESS.

36. MR. GROMYKO'S VISIT TO JAPAN IN JANUARY 1976 DID NOT LEAD TO ANY IMPROVEMENT IN BILATERAL RELATIONS, PARTICULARLY AS THERE WAS NO READINESS ON THE SOVIET SIDE TO MAKE ANY CONCESSIONS ON THE QUESTION OF THE NORTHERN ISLANDS. AT PRESENT, THE SOVIETS ARE, HOWEVER, ENDEAVOURING NOT TO BURDEN THEIR POLITICAL RELATIONS WITH JAPAN ANY FURTHER AND FREQUENTLY EMPHASISE THEIR DESIRE FOR GOOD RELATIONS WITH JAPAN. THIS WAS EXPRESSED BY MR. BREZHNEV IN HIS SPEECH AT THE 25TH PARTY CONGRESS AND IN OFFERS TO JAPAN IN THE ECONOMIC SECTOR ON WHICH NEGOTIATIONS ARE AT PRESENT UNDER WAY. THE SOVIETS MIGHT THUS WISH TO AVOID OFFERING ANY PRETEXT FOR A FURTHER SINO-JAPANESE RAPPROCHEMENT.

37. WHILE THE SOVIET PROPOSAL FOR AN ASIAN COLLECTIVE SECURITY SYSTEM HAS NOT BEEN SHELVED, THERE WAS RECENTLY A CONFIDENTIAL

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DECREASE IN SOVIET EMPHASIS ON THE PROPOSAL. THIS MAY BE DUE TO TACTICAL CONSIDERATIONS LEADING THE SOVIETS TO SEEK CONSTRUCTIVE PROPOSALS FROM OTHER ASIAN COUNTRIES ON THE QUESTION OF ASIAN SECURITY, RATHER THAN PRESSING FORWARD ON A MATTER WHERE A IN VIEW OF THE LACK OF ENTHUSIASM ON THE PART OF MOST ASIAN COUNTRIES - PROGRESS CAN AT BEST COME VERY SLOWLY.

PART V: THE SITUATION IN EASTERN EUROPE

38. RELATIONS BETWEEN THE TWO GERMAN STATES HAVE BROADENED IN SCOPE. IN DECEMBER 1975 THE HEALTH AGREEMENT CAME INTO FORCE: AT THE END OF MARCH 1976 THE POST AND TELECOMMUNICATIONS AGREEMENT WAS SIGNED. IN THE BERLIN CONTEXT A "PACKAGE AGREEMENT" IMPROVING THE CONDITIONS FOR TRANSIT TRAFFIC WAS SIGNED ON 29TH DECEMBER, 1975.

39. IN THE GERMAN DEMOCRATIC REPUBLIC, THE DOMINANT DOMESTIC THEME IS THE PREPARATION OF THE IXTH PARTY CONGRESS OF THE SED (MAY 1976). THIS IS TO ADOPT A NEW PARTY PROGRAMME, THE DIRECTIVES FOR THE NEXT FIVE-YEAR PLAN (1976-1980) AND A NEW PARTY STATUTE. THE NEW PARTY PROGRAMME FOLLOWS THE LINE PROPOUNDED BY MR. HONECKER AT THE VIIIITH CONGRESS: THE CONCEPT OF THE "SOCIALIST GERMAN NATION" IN THE GDR, THE ALLIANCE WITH THE USSR AND THE ACKNOWLEDGEMENT OF THE CONCEPT OF PEACEFUL

CO-EXISTENCE, ALSO IN THE CONTEXT OF RELATIONS WITH THE FEDERAL REPUBLIC OF GERMANY. THE PARTY'S STATUTE, ON THE OTHER HAND, WILL ONLY UPDATE THE PREVIOUS VERSION, REINTRODUCING THE TITLE "GENERAL SECRETARY".

40. MR. HONECKER'S POSITION APPEARS UNDISPUTED. NO SIGNIFICANT CHANGES ARE TO BE EXPECTED IN THE LEADERSHIP.

41. THOSE LEADERSHIP CHANGES WHICH OCCURRED IN THE POLISH, BULGARIAN AND CZECHOSLOVAK CONGRESSES WERE GENERALLY EXPECTED AND WITHOUT POLITICAL SIGNIFICANCE. AS WITH THE SOVIET CONGRESS, THESE CONGRESSES STRESSED CONTINUITY IN POLICY AND PERSONNEL. THE EXTENT TO WHICH MR. HUSAK'S STATEMENT ON READMISSION OF FORMER PARTY MEMBERS WILL BE IMPLEMENTED REMAINS TO BE SEEN.

42. THE POLISH GOVERNMENT'S DECISION TO AMEND THE 1952 CONSTITUTION PROVOKED CONSIDERABLE CONTROVERSY, NECESSITATINGW
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COMPROMISE WITH THE VIEWS OF THE CATHOLIC CHURCH AND VARIOUS GROUPS OF INTELLECTUALS. THE ISSUES AT DISPUTE INCLUDED THE POSSIBLE DESIGNATION OF POLAND AS A "SOCIALIST REPUBLIC" (INSTEAD OF "PEOPLE'S REPUBLIC") AND REFERENCE TO THE LEADING ROLE OF THE PARTY, THE "INDESTRUCTIBLE ALLIANCE" WITH THE USSR, AND THE LINK BETWEEN CIVIL RIGHTS AND DUTIES. IN THE END, ARTICLE 1 OF THE REVISED CONSTITUTION DECLARED POLAND TO BE A "SOCIALIST STATE", BUT THE TITLE "PEOPLE'S REPUBLIC OF POLAND" WAS RETAINED. THE ROLE OF THE PARTY WAS DEFINED AS THE "LEADING POLITICAL FORCE IN SOCIETY IN BUILDING SOCIALISM"; A DECLARATION OF INTENT WAS MADE TO "STRENGTHEN FRIENDSHIP AND CO-OPERATION WITH THE USSR"; AND CIVIL RIGHTS WERE NOT MADE CONTINGENT ON CIVIL DUTIES. THE MANNER IN WHICH THESE ISSUES WERE RESOLVED INDICATED A CERTAIN CAUTION ON THE PART OF THE REGIME. MOREOVER, THE DIALOGUE ON THESE ISSUES AND ON OTHER MATTERS OF CONCERN TO BOTH THE REGIME AND POLULATION IS EXPECTED TO CONTINUE. THE REGIME OBVIOUSLY HOPES THAT THIS WILL BROADEN POPULAR SUPPORT FOR ITS POLICIES.

REM YUGOSLAVIA CONTINUES TO MAINTAIN ITS BALANCED FOREIGN POLICY BY ATTEMPTING TO KEEP ON PROPER TERMS WITH BOTH THE SOVIET UNION AND THE UNITED STATES AND BY INCREASED ACTIVITY IN THE NON-ALIGNED GROUP. ALTHOUGH THE CAMPAIGN AGAINST COMINFORMISTS HAS DIMINISHED, SUSPICION OVER SOVIET INTENTIONS TOWARDS YUGOSLAVIA IN THE POST-TITO PERIOD REMAINS STROG. THROUGH THE RECENT CHANGES OF VISITS WITH NON-ALIGNED COUNTRIES, YUGOSLAVIA APPEARS TO BE SEEKING TO RECAPTURE A LEADING ROLE BY STRENGTHENING THE POSITION OF THE MODERATES WITHIN THIS GROUP.

44. FOLLOWING A SERIES OF TRIALS OF POLITICAL AND INTELLECTUAL DESSIDENTS INCLUDING COMINFORMISTS, USTASHI, "TERRORISTS" AND OTHER "SUBVERSIVE" ELEMENTS, THE DOMESTIC POLITICAL SITUATION SEEMS TO HAVE QUIETENED DOWN SOMEWHAT. IN

THE ECONOMIC FIELD. THE PROBLEMS OF UNEMPLOYMENT AND CONTINUING BALANCE OF PAYMENTS DEFICITS REMAIN. DIFFICULTIES IN EXPTRTING TO THE WEST RESULTED IN EXPANSION OF ECONOMIC RELATIONS WITH THE EAST AND THE USSR WHICH HAS DISPLACED THE FEDERAL REPUBLIC OF GERMANY AS YUGOSLAVIA'S LEADING TRADING PARTNER.

45. THE SERIES OF PURGES IN ALBANIA IN THE PAST TWO YEARS SEEMS TO BE LOSING MOMENTUM. THE PURGES HAVE EMPHASIZED THE CONFIDENTIAL

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HOXA-SHEHU LEADERSHIP'S PREPONDERANT INFLUENCE IN THE REGIME, WHICH IS TAKING A STRICTER LINE ON THE DOMESTIC FRONT, AND SHOWING INCREASED ISOLATIONISM IN ITS FOREIGN POLICY. SINO-ALBANIAN RELATIONS STILL APPEAR TO BE CLOSE IN SPITE OF SOME UNCERTAINTY REGARDING THEIR FUTURE. NO CHANGE IS CURRENTLY EVIDENT IN ALBANIA'S ATTITUDE TO THE SOVIET UNION. RELATIONS WITH YUGOSLAVIA, FOR THEIR PARTN HAVE RECENTLY MET WITH A SETBACK AS A RESULT OF THE TRIALS OF KOSSOVO "NATIONALISTS" AND VARIOUS OTHER EVENTS.

46. INTER-BALKAN CO-OPERATION IN ECONOMIC AND TECHNICAL FIELDS AS PROPOSED BY GREECE AT THE CONFERENCE RECENTLY HELD IN ATHENS HAS NO OTHER POLITICAL OBJECTIVE THAN TO IMPROVE THE ATMOSPHERE PREVAILING IN THE RELATIONS BETWEEN BALKAN COUNTRIES. NOTWITHSTANDING THE DIFFERENT ORIENTATIONS OF THE PARTICIPATING COUNTRIES, IT HAS BEEN ESTABLISHED THAT A COMMON WILL EXISTS TO PROMOTE MULTILATERAL CO-OPERATION AMONG THEM IN MANY CONCRETE PROJECTS. INTER-BALKAN CO-OPERATION IS REGARDED BY THE PARTICIPANTS AS A DIRECT IMPLEMENTATIN OF THE FINAL ACT OF HELSINKI ON A REGIONAL BASIS. THE ATTITUDE OF THE BALKAN COUNTRIES VIS-A-VIS INTER-BALKAN CO-OPERATION VARIES FROM ENTHUSIASTIC (ROMANIA)N TO VERY FAVOURABLE (YUGOSLAVIA) AND RELUCTANTLY FAVOURABLE (BULGARIA). ALTHOUGH ALBANIA DID NOT PARTICIPE IN THE MEETING AT ATHENS, THE POSSIBILITY THAT IT MAY TAKE PART IN FUTURE ACTIVITIES IN A LIMITED WAY CANNOT BE EXCLUDED.END TEXT.STRAUSZ-HUPE

UNQUOTE ROBINSON

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